

**Home Mortgage Disclosure Act Hearings
Federal Reserve Bank of Atlanta**

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Thank you for this time to comment on HMDA. I am Arden Shank, the President & CEO of Neighborhood Housing Services of South Florida. Our service area includes Miami-Dade and Broward Counties. We provide a full line of homeownership services in English, Spanish, and Haitian Creole including Homeownership Education and Counseling, Lending, Housing Development, Real Estate Broker Services, Neighborhood Revitalization, and Foreclosure Prevention & Loan Modification Services. We are a certified CDFI, hold a lender license and a real estate brokerage license in Florida, and are a chartered member of the NeighborWorks® network.

We have seen the market crash and housing crisis from many sides, including the issues of finding financing for our mortgage ready buyers, the problems of dropping real estate values, and the complications of securing loan modifications for our clients.

Introductory comments on the hearings' three objectives: Community groups, policy makers and, financial institutions have relied on HMDA data to provide important and useful information about the mortgage market. However, the data that is currently made available to the public have not kept up with the multitude of products that have been available in the market since the regulation was enhanced in 2002. HMDA must be updated to provide universal reporting by all lenders. The data collected should provide for the comprehensive analysis of not only access to credit, but also the terms of the credit products provided and their impact on borrowers and our communities.

My comments follow the Federal Reserve list of HMDA questions.

A. Data Elements

Data elements to be collected

All of the creditworthiness factors that were taken into consideration in making the credit decision should be collected to enable a comparative analysis of loans for the evaluation of access to credit provided and whether the terms of the credit offered are both responsible and sustainable. Credit scores should be collected and reported in a manner that protects borrower privacy.

Both loan-to-value ratio and combined loan-to-value ratio should be reported to disclose the potential existence of subordinate financing.

The “front end” debt-to-income ratio discloses the monthly mortgage payment compared to the borrower’s income, and the “back end” ratio should also be collected to determine the borrower’s total debt-to-income ratio. Each of these data points should be defined to promote consistency in underwriting and to deter the ability to exaggerate payment risk and invoke abusive higher pricing.

We support the collection of the loan originator compensation as one of the data points.

Data elements to be revised

Yes, reporting rate spreads on all loans should be required, rather than just those meeting the definition of high cost. This enables a more comprehensive product analysis and eliminates additional software enhancements should the definition change again.

Collecting both total income and “relied on” for all loans would ease the burden of collecting additional information separately on “total income” when necessary.

Eliminating any data elements

The existing data elements should remain with the addition of several additional fields to capture all of the variables that could influence the credit decision for an individual borrower. These additional fields of information enable an analysis to determine if patterns of disparity exist for protected classes or geographic areas. Information specific to the product type would shed light on whether underwriting practices may have a disparate effect on certain borrowers, certain property types or certain geographies. In addition to those previously mentioned, these additional fields are:

Product Type – fixed rate, adjustable rate, limited documentation, etc.

Loan Term – amortization period, fixed or adjustable rate

Prepayment Penalty

Loan Channel – identifies retail vs. wholesale

Decision Center – identifies whether credit decisions are centralized

Loan-to-Value Ratio

Combined Loan-to-Value Ratio

Property Market Value

Reasons for Denial – expand definitions available to reduce use of “other”

B. Coverage and Scope

Rules for coverage/exemption

The rules for exemption should be revised to include all mortgage lenders and eliminate the distinction between banks and non-banks, because data collected now is not complete.

Additional mortgage types to be included

Home equity loans and reverse mortgages should be included in HMDA.

Loans not to be reported

The existing exclusion of single construction loans as “temporary financing” should be retained unless the permanent financing and construction are funded as a single closing.

C. Preapproval Programs

Maintaining pre-approval programs and whether to report them

There is confusion in the marketplace as to the definition of “preapproval.” Although common in the wholesale environment, retail bank offices typically will not accept an application without a purchase contract. Realtors will not show properties without the existence of a preapproval letter. This contradiction of process has the effect of denying access to credit for some potential borrowers. The definition of preapproval needs to be clarified and the required and regulated lender behavior needs to be clarified.

D. Other

Other changes to Regulation C

Banks are not required to collect and disclose data on loans that they purchase, yet this information may actually help banks obtain CRA credit if some of the loans were made to low-to-moderate income borrowers. Disclosure of this information would be helpful to determine the type of loans being exchanged and identifying gaps that nonprofit lenders such as NHSSF may help to alleviate.

What technical/compliance issues need to be resolved? What rules need clarification?

Mortgage modifications are not reported but should be. The reporting of this data for all loan modifications would encourage proactive analysis of the lender’s activity, ultimately motivate operational efficiencies in the process, and provide data for understanding neighborhood stabilization.